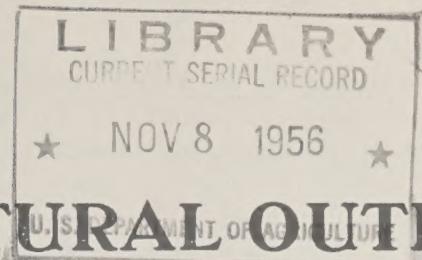


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The AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U.S.D.A.

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Farm operators this year are expected to realize a slightly larger net income than the low figure of 1955.

Higher prices in the second half of 1956 and payments of close to \$300 million to farmers under the soil bank and wool program will account for the gain. Production expenses also will rise with the increase in prices of industrial items. But the gross is expected to go up enough to boost farmers' net a little above last year's total. This will be the first year-to-year increase since 1951.

Reduced production of some crops, smaller marketings of hogs, growing consumer purchasing power and increasing exports are the keys to the price outlook for the second half of 1956.

Decline in marketings this fall will result from smaller production of feed grain, cotton, several other crops and hogs. But total supply of farm products will continue heavy. Big increase for poultry, smaller gains for milk will push total livestock output to a new high this year. Also, stocks of wheat, cotton and corn are at peak levels.

Consumer income will rise further as economic activity is expected to continue to expand the rest of this year. Shipments of farm products abroad are running well ahead of last year...1956 volume is likely to set a record. Much of this is being financed under U. S. Government export programs.

Prices to farmers the rest of 1956 are expected to average above same period last year, when they dropped steadily. But seasonal declines may occur during the peak marketing period this fall. Index of prices received by farmers in July was 3% above a year earlier...10% above the low of last December.

LIVESTOCK AND MEAT. A drop in meat production this fall from a year earlier will end a 5-year, 25% expansion. Pork will account for most of the decline because of the 8% cut in last spring's pig crop from a year earlier. More cattle will be slaughtered but weights will average lighter and about the same beef output is in prospect. While meat production the last half of 1956 will fall below a year earlier, it will, of course, rise seasonally from summer levels.

The price outlook indicates a higher level for hogs and fed cattle this fall than last. Grass cattle prices, though declining seasonally, will gradually catch up with last year. Lamb prices as high or higher than last year are in prospect.

DAIRY PRODUCTS. More milk will be produced the rest of 1956 than a year earlier. Crop prospects promise large feed supplies. More cows will freshen than last fall, continuing the trend of recent years. Output for 1956 is expected to total at least 127 billion pounds compared with 123 1/2 billion in 1955.

POULTRY AND EGGS. The size of the laying flock at the beginning of 1957 probably will be little different from a year earlier. Farmers raised more chickens for replacement but they probably will sell more old hens than in the last half of 1955.

Broiler chick placements have declined. The weekly rate in early August was below the high June levels but 14% above a year ago.

FATS AND OILS. Soybean production this year is expected to reach a record 443 million bushels but declines are expected for lard and cottonseed. Total supplies of food fats, other than butter, for 1956-57 probably will be about the same as a year earlier. The quantity available for export is likely to approximate the record 1955-56 total of 2.7 billion pounds.

WHEAT. Production lacked only 4 million bushels of being in balance with consumption and exports during 1955-56 season which ended July 1. It was the first year since 1952-53 in which the carryover failed to increase substantially. Production-use prospects for 1956-57 indicate a similar situation.

Under a new program, the bulk of wheat exports will come mainly from free market supplies. This is expected to strengthen prices. Average for 1956-57 is expected to be above last year and about at the support level. Most exports came from CCC stocks in 1955-56.

FEED. Grain prices continued upward in July. The mid-July index was a fourth above last November and 3% above a year earlier. Prices of high protein feed also averaged a little above July, 1955.

Production prospects slipped a little during July. Supply of all concentrates for 1956-57 is now expected to total 3% less than in 1955-56 with supplies per animal about the same.

FRUIT. Supplies of several fresh market fruits in late summer and fall will be somewhat smaller than a year earlier. The deciduous crop is down 4% from last year with apples, grapes, apricots, cherries and Pacific Northwest prunes mainly responsible. Citrus marketings will continue seasonally light until early fall when sales from the new crops begin.

Demand for fruit by processors is strong this summer, even though stocks are generally larger than a year ago. Prices to growers for several canning fruits have been running well above last year.

VEGETABLES. Late summer supplies of fresh vegetables are expected to be up from a year ago. With demand strong prices probably will average about the same.

Production of vegetables for commercial processing is up substantially but stocks are down. Only a moderate increase in supplies for 1956-57 is in prospect.

The late summer and fall potato crops are estimated to be slightly above last year's. The late summer crop will meet much less competition from earlier crops than last year. Consequently, prices are expected to average substantially higher than last year.

COTTON. Prospects that exports will more than double the 1955-56 total indicate that disappearance in 1956-57 will top 13 million bales. Domestic mills are expected to again use around 9.2 million bales. Total supply of cotton for 1956-57 is estimated at a record 28.3 million running bales.

TOBACCO. Flue-cured prices so far this season have been running below last season, mainly because of a decline in the quality of marketings. The crop is down 14% and the smallest in recent years but stocks are up 10 percent. Total supply is near last year's.